



September 18, 1996

Mr. William F. Caton  
Acting Secretary  
Federal Communication Commission  
1919 M Street N.W.  
Washington, DC 20036

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RE: CC Docket No. 96-152

Mr. Caton:

The Federal Communications Commission is considering rules to implement the alarm monitoring provisions of the Telecommunications Act of 1996. Engineered Protection Systems, Inc. (E.P.S.), a provider of alarm monitoring services in Western Michigan, is vitally interested in CC Docket No. 96-152, which will implement Section 275 of the 1996 Act. E.P.S. urges the Commission to resist Bell Company's attempt to reduce the section to a meaningless technical provision and to interpret Section 275 in the manner intended by Congress.

1. We are completely dependent on Ameritech, Inc., the local telephone company, for connections of our alarm monitoring customers to our alarm monitoring center. There is no other alternative telephone company at this time so we are very vulnerable to this potentially anticompetitive conduct by Ameritech.
2. Section 275 provides a 5 year prohibition on Bell Company's entry into the alarm business. This is intended to permit local competition to develop an alternative, local telephone network to use in alarm monitoring services. Although, local competitors have begun the process of entry into the largest markets, it will be years before any of them present a viable alternative to the incumbent Bell Companies.
3. E.P.S. understands that certain Bell Companies now contend that Section 275 is only a very narrow prohibition. Accordingly, these monopolists think that Section 275 immediately allows them to resell alarm monitoring services; engage in marketing, sales agency, billing and customer inquiry services associated with alarm monitoring services. These Bell Companies plan to be compensated for these activities through alarm monitoring revenues. This interpretation of Section 275 gives Ameritech the same incentives and opportunities to discriminate and compete unfairly just as if the 5 year ban did not exist. It will make the 5 year prohibition meaningless and could have an extremely detrimental impact on our business.

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**ENGINEERED PROTECTION SYSTEMS, INC.**

Suite 200 ■ 750 Front N.W. ■ Grand Rapids, MI 49504 ■ Phone (616) 459-0281 ■ FAX (616) 459-0553  
1117 Carver Street ■ Traverse City, MI 49686 ■ Phone (616) 946-6590 ■ FAX (616) 929-9099  
285 James Street ■ Holland, MI 49424 ■ Phone (616) 399-4760 ■ FAX (616) 399-2934

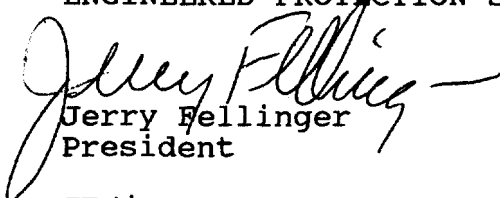
Mr. William F. Caton  
Federal Communications Commission  
September 18, 1996  
Page 2

4. Ameritech has presented an interpretation of Section 275 that subverts the ban on its acquisition of other alarm monitoring service for five years. In fact, Ameritech has announced its purchase of the alarm business of Circuit City Stores and has solicited numerous other companies in an effort to purchase them. If allowed to prevail, this interpretation of Section 275 will render the 5 year prohibition on Ameritech's purchase of other alarm monitoring companies meaningless. Again, this means that small alarm monitoring businesses will not be protected as was intended by Section 275.
5. E.P.S. has also learned of another Bell Company effort to undermine Section 275. U.S. West contends that it offered services prior to 11/30/95, which allows it to participate in the alarm monitoring business like Ameritech. As with the other Bell Company attempts to escape the provisions of Section 275, it is crucial to E.P.S. that this effort not succeed. Enforcement of the 5 year probationary period under Section 275 is critical if local competition is to develop sufficiently to provide alarm companies with alternative sources of local communication transmission.
6. E.P.S. believes that the 1996 Act represents a congressional compromise between the interests of the alarm monitoring industry's fears of anticompetitive conduct by the Bell Companies and the telephone companies' desire to enter the alarm business. To balance the interests of the parties fairly, a 5 year prohibition is needed to enable local competition to take root before Bell Company's entry. The entire intent and effect of the interim protection will be lost if the recent Bell Company efforts succeed in interpreting Section 275 as a narrow, insignificant provision.

E.P.S. urges the FCC to reject these Bell Company interpretations of Section 275 and implement it in a manner consistent with Congress' original intent.

Cordially,

ENGINEERED PROTECTION SYSTEMS, INC.

  
Jerry Fellingner  
President

JF/jms